

Message Text

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SUBJECT: TORONTO STAR EDITORIALIZES AGAINST ECONOMIC COUNCIL OF CANADA

ADVOCATION OF OPENING CANADA TO FOREIGN BANKING

1. THE TORONTO STAR OF 18 SEPTEMBER HAS A LEAD EDITORIAL CRITICIZING THE ECONOMIC COUNCIL OF CANADA FOR URGING OTTAWA TO LOOSEN BANKING LAW TO ALLOW MORE PARTICIPATION BY FOREIGN BANKS. CITING THE ECONOMIC COUNCIL AS CANADA'S "PRINCIPAL ECONOMIC ADVISORY BODY" ESTABLISHED IN PART TO EXAMINE FOREIGN OWNERSHIP OF THE CANADIAN ECONOMY, THE STAR EDITORIAL SAYS THAT THE COUNCIL "HAS OFTEN ADVOCATED POLICIES THAT WOULD INCREASE FOREIGN OWNERSHIP AND CONTROL OF THE CANADIAN ECONOMY.

NOW THE COUNCIL HAS COME ALONG WITH A PLAN TO OPEN THE DOORS TO FOREIGN BANKS - ALL IN THE NAME OF CREATING MORE COMPETITION IN BANKING IN CANADA".

2. THE STAR GRANTS THAT MORE COMPETITION IS NEEDED, ESPECIALLY BY CANADIAN CONSUMERS. "BUT BRINGING IN THE BIG U.S. BANKS IS THE WRONG WAY TO CREATE THAT COMPETITION. WHAT WOULD HAPPEN, IN SPITE OF THE TRANSITIONAL PROPOSALS OF THE COUNCIL, IS THAT U.S. BANKS WOULD MOVE INTO CANADA TO HANDLE THE BUSINESS OF U.S. SUBSIDIARIES HERE,

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PROVIDING A LUCRATIVE FINANCIAL BASE FROM WHICH TO EXPAND INTO MANY

OTHER AREAS OF CANADIAN BANKING. YET AT THE SAME TIME THEIR FIRST LOYALTY WOULD BE TO THEIR HEAD OFFICES IN NEW YORK, CHICAGO, SAN FRANCISCO OR ELSEWHERE AND - THROUGH THOSE HEAD OFFICES - TO OFFICIAL POLICIES AND INTERESTS OF THE U.S. GOVERNMENT. CANADA HAS HAD ENOUGH EXPERIENCE OF THIS SORT WITH LOST TRADE TO CUBA AND EASTERN EUROPE UNDER THE U.S. TRADING WITH THE ENEMY ACT. IT IS CONCEIVABLE THAT IF THE U.S. IMPOSED LEGISLATION TO COUNTER THE ARAB BOYCOTT THAT U.S. BANK SUBSIDIARIES WOULD USE THAT U.S. LAW AND DECIDE WHO COULD BORROW MONEY HERE. THERE SHOULD BE LAWS TO OFFSET THE ARAB BOYCOTT BUT IN CANADA IT SHOULD BE A CANADIAN LAW THAT IS FOLLOWED". NOT ONLY IS THE ECONOMIC COUNCIL OF CANADA NOT DOING ANYTHING TO STRENGTHEN CANADIAN ECONOMIC INDEPENDENCE,

IT IS MAKING PROPOSALS TO WORSEN THE SITUATION.

3. COMMENT. IT SHOULD BE NOTED THAT ALTHOUGH THE BANKS OF MANY COUNTRIES - NOTABLY JAPAN AND GREAT BRITAIN ARE REPRESENTED IN CANADA AND WOULD BE AFFECTED BY THE ECONOMIC COUNCIL'S PROPOSALS FOR REVISION OF THE BANK ACT, THE STAR HAS FOCUSED EXCLUSIVELY ON THE UNITED STATES IN ITS EDITORIAL.
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